



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

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Application of Southern California Edison
Company (U 338-E) to Establish a
Memorandum Account to Record Certain
Remediation Costs Associated with
Decommissioned Pipe for the Catalina Water
Utility.

Application 21-06-_____

APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)
TO ESTABLISH A MEMORANDUM ACCOUNT TO RECORD CERTAIN
REMEDATION COSTS ASSOCIATED WITH DECOMMISSIONED PIPE FOR THE
CATALINA WATER UTILITY

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Dated: **June 4, 2021**

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I.

INTRODUCTION

Pursuant to California Public Utilities Code Section 701 and Rule 2.1 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), Southern California Edison Company (SCE) respectfully submits this Application requesting authority to establish a Catalina Water Decommissioned Pipe Memorandum Account (CWDPMA) to record costs associated with planning and project development activities necessary for the remediation of below-ground decommissioned pipe facilities characterized during a system-wide assessment of SCE's water distribution infrastructure on Catalina Island (Catalina or the island). Additionally, SCE will record certain costs related to soil remediation (including sampling, analysis, permitting and soil removal costs) associated with previously removed above-ground decommissioned pipe, as described further herein. The scope of activities falling within the proposed CWDPMA will be referred to hereinafter as the CWDPMA Scope. Appendix A

provides the proposed Water Preliminary Statement Part U for the CWDPMMA that SCE is requesting the Commission approve in this Application.

SCE acquired the Catalina water utility in 1962. The Catalina water infrastructure includes wells, storage tanks, water treatment facilities, distribution pipelines, and two desalination plants. Most major components of the water distribution system were installed decades ago, and certain facilities contain materials subsequently banned by environmental regulations. In particular, SCE has previously informed the Commission that portions of the water pipeline on Catalina contain non-liquid polychlorinated biphenyls (PCBs) in the interior lining and/or exterior wrap.¹ It is important to note that SCE regularly samples the drinking water from locations across the island and has confirmed that the Catalina water system is safe and continues to meet all applicable drinking water standards.

In 2020, to meet regulatory requirements under the Toxic Substance Control Act (TSCA), SCE removed and disposed of approximately 1,535 feet of above-ground decommissioned pipe segments (collected from almost 60 locations across the island). All above-ground decommissioned pipe on Catalina has now been disposed in compliance with TSCA regulations. Also in 2020, SCE began collecting soil samples at the locations where the now-removed, above-ground decommissioned pipe segments were located in support of soil remediation efforts. In 2021, SCE will undertake additional soil sampling and analysis in order to perform required soil remediation activities at these locations.

Following disposition of the above-ground decommissioned pipe, SCE conducted a system-wide assessment in 2020 to fully map and characterize in-service pipeline and below-ground decommissioned pipe on the island.² The results of the system-wide assessment indicate over four miles of remaining below-ground decommissioned pipe, as well as approximately eight

¹ A.20-10-018, pp. 6-7.

² This system-wide assessment was the subject of a prior memorandum account request, which this Commission granted in D.21-02-009.

miles of in-service pipeline, as containing PCBs exceeding the TSCA regulatory limit.³ These characterized facilities, both in-service pipeline and below-ground decommissioned pipe, now require remediation by SCE to comply with TSCA regulations. SCE must also perform soil remediation activities in the locations where the above-ground decommissioned pipe segments was previously removed.

This Application requests authority to establish the CWDPMMA to record the costs of activities falling within the CWDPMMA Scope, which are (1) the planning and project development costs required to remediate the below-ground decommissioned pipe containing PCBs regulated under TSCA and (2) the soil remediation costs (including sampling, analysis, permitting and soil removal costs) associated with previously-removed, above-ground decommissioned pipe.

Costs relating to in-service pipeline capital planning and project development activities are expected to be similar to those for below-ground decommissioned pipe discussed below and in testimony attached hereto; however, no memorandum account treatment is requested for capital and related costs and is discussed here for awareness only.⁴ SCE is not seeking to include in-service pipeline costs in the CWDPMMA Scope as the eventual retirement or substantial replacement of the long-lived asset are capitalizable. As the capital project will accrue AFUDC while in CWIP, there are no capital-related costs to record in the memorandum account until the project closes to plant. SCE intends to file a subsequent application addressing those capital-related costs and receive a Commission decision in advance of completing the environmental capital projects discussed herein.

³ The TSCA regulatory threshold for PCBs is 50 parts per million (ppm).

⁴ Certain planning and project development activities (e.g., CEQA permitting and documentation) will be combined across in-service pipeline and decommissioned pipe projects. Accounting for such activities will be divided among the in-service pipeline and decommissioned pipe projects as appropriate.

II.

FACTUAL BACKGROUND

A. Overview Of Catalina Water Environmental Activities and Estimated Costs

In this Application, SCE seeks authority from the Commission to establish the CWDPMA to record costs of activities falling within the CWDPMA Scope, which are (1) SCE's planning and project development activities required to remediate below-ground decommissioned pipe containing PCBs and (2) SCE's analysis and remediation of contaminated soil associated with previously-removed, above-ground decommissioned pipe. Although the scope of SCE's requested relief in this Application is limited to establishing the CWDPMA, SCE provides additional context in this section regarding the full scope of the ongoing environmental activities for the Catalina water utility.

SCE's Catalina water operation is a Class C utility serving approximately 2,000 customer accounts across the island. SCE acquired the Catalina water utility in 1962 and is the sole drinking water purveyor on the island, providing potable water service to approximately 4,000 permanent residents and one million annual visitors to the island. Most components of the Catalina water system were installed several decades ago, in the 1960s and 1970s.

For example, in 1967, SCE constructed the Million Gallon Tank (MGT) for domestic service and dedicated fire protection for the USC Marine Lab and community of Two Harbors on the west end of the island. At the same time, SCE installed the Two Harbors Pipeline to supply water to the MGT. The Two Harbors Pipeline traverses approximately nine miles over rugged and rural terrain from the Middle Ranch area to the MGT located near Two Harbors. Both the MGT and Two Harbors Pipeline were constructed with a coal-tar enamel interior lining containing PCBs, which was commonly used at the time to protect steel pipelines and tanks from corrosion.

In 1976, TSCA was passed to, among other things, regulate the manufacture, distribution, use, storage, and disposal of PCBs. SCE has identified various components in the Catalina water

system, including portions of the Two Harbors Pipeline, that have interior linings and/or exterior wraps containing PCBs. Since 1976, when SCE has replaced various components of the Catalina water system, it has done so using non-PCB components.

As of today, the Two Harbors Pipeline remains in-service, supplying drinking water to customers. SCE regularly samples the Catalina drinking water from locations across the island, including the Two Harbors Pipeline and other distribution pipelines, and has confirmed the water quality provided throughout the Catalina water system is safe and continues to meet all applicable drinking water standards. While SCE develops its project plan as described in this Application, it will continue to monitor and sample the drinking water to maintain safe and reliable water service to its customers, in compliance with all federal and state regulations.

In late 2019, SCE identified potential TSCA violations due to the possible presence of PCBs on segments of above-ground pipe that had been decommissioned but not removed and disposed. Subsequent sampling confirmed the presence of PCBs above the TSCA regulatory threshold in certain segments of above-ground decommissioned pipe. Once discovered, such material is considered PCB waste and governed by TSCA's implementing regulations, which impose restrictions on time, location, and conditions for storage and disposal.⁵ Therefore, on December 13, 2019, SCE submitted to the U.S. Environmental Protection Agency (EPA) a voluntary disclosure regarding potential violations of TSCA PCB regulations related to the decommissioned pipe. SCE immediately took steps to begin identification, sampling, and disposal of decommissioned pipe on Catalina.

Among other actions to achieve compliance, SCE removed and disposed of approximately 1,535 feet of above-ground decommissioned pipe segments in early 2020. In addition, soil samples were collected and analyzed at the locations where this above-ground pipe was removed. However, analytical results indicated the need to collect additional soil samples to more accurately delineate the extent of contamination, which is anticipated to take place in

⁵ 40 C.F.R Part 761, Subpart D.

Summer 2021. Executing this limited soil sampling and remediation scope expeditiously is consistent with EPA policy and is included in the CWDPMA Scope.

Also in 2020, SCE performed a system-wide assessment of its Catalina water infrastructure to fully identify and characterize in-service pipeline and below-ground decommissioned pipe containing PCBs regulated under TSCA. SCE methodically executed the system-wide assessment, completing a series of activities in phases to effectively catalogue and characterize these facilities. SCE performed a desktop review of available documentation, conducted a field investigation of pipe locations, and compiled the information in a spreadsheet and map to identify potential sampling locations. SCE then sampled segments of the facilities identified during the field investigation to determine the presence and concentration of PCBs. Samples of the interior lining and/or exterior wrap were collected at both in-service pipeline and decommissioned pipe locations. SCE assessed over 45 miles of in-service pipeline and nearly 26 miles of decommissioned pipe throughout the island.

The results of the system-wide assessment indicate approximately eight miles or 18 percent of in-service pipeline and four miles or 16 percent of below-ground decommissioned pipe containing PCBs exceeding the TSCA regulatory limit of 50 ppm. This below-ground decommissioned pipe is included in the CWDPMA Scope. The eight miles of in-service pipeline is comprised entirely of the Two Harbors Pipeline. The assessment of a one and a third mile segment of in-service pipeline is still pending additional sampling and analysis.

Concurrently with the system-wide assessment, SCE performed a study to identify and evaluate options to remediate the in-service Two Harbors Pipeline and replace the service provided by that pipeline. Due to the presence of PCBs in the Two Harbors Pipeline, SCE must develop a plan to decommission the pipeline while maintaining safe and reliable service to customers. In addition, SCE has identified the presence of PCBs in certain other in-service facilities that will need further analysis, as well as characterization.

So that this Commission has a full picture of the costs associated with the projects, SCE is including conceptual costs estimates, but SCE does not presently request any cost recovery

approvals by the Commission for these conceptual project costs. As discussed in the previous section, SCE to-date has characterized approximately four miles of below-ground decommissioned pipe and eight miles of in-service pipeline containing PCBs exceeding the TSCA regulatory limit of 50 ppm. While SCE will be refining scope and developing detailed plans for the Two Harbors Pipeline and other in-service facilities, as well as the below-ground decommissioned pipe, over the next few years, SCE's conceptual cost estimate for these environmental remediation and service replacement projects is approximately \$70 million.

SCE developed this conceptual cost estimate based upon the information available to it at the time of filing this Application and prior to performing detailed planning and project development activities for all the characterized below-ground decommissioned pipe and in-service pipeline, as well as other in-service facilities pending characterization. These include the activities for the below-ground decommissioned pipe that are described in Section III of this Application. Until SCE has completed these detailed planning and project development activities for the characterized facilities, this cost estimate remains conceptual, similar to a Class 5 estimate under the American Association of Cost Engineers (AACE) cost estimate classification system, and is subject to change depending upon the circumstances SCE encounters as it moves forward with these environmental remediation and service replacement projects.

As discussed below, SCE plans to request authorization for recovery of the full environmental remediation and service replacement project costs for its Catalina water facilities in one or more subsequent applications. In this Application, SCE only seeks to establish the CWDPMA and record the costs of the activities in the CWDPMA Scope, which, as stated above, are related to (1) the planning and project development activities required to remediate the below-ground decommissioned pipe and (2) the analysis and soil remediation associated with previously-removed, above-ground decommissioned pipe. This request for memorandum account treatment will be used as the basis for SCE's future request for cost recovery as it relates to the CWDPMA.

B. Sequence of Catalina Filings

On April 13, 2020, SCE filed Application (A.)20-04-010 requesting authority to establish a memorandum account to record system-wide pipeline assessment costs for the Catalina water utility in connection with identifying and characterizing in-service pipeline and decommissioned pipe segments requiring remediation in compliance with state and federal environmental regulations. On February 11, 2021, the Commission approved Decision (D.)21-02-009, authorizing SCE to establish a memorandum account to track the costs to perform a system-wide assessment of Catalina water utility infrastructure. The Decision authorized a memorandum account effective date of the April 13, 2020 Application filing date. SCE conducted the system-wide assessment and identified a prevalence of facilities requiring remediation to comply with environmental rules and regulations. SCE recorded the costs related to this system-wide assessment in the Commission-authorized Catalina Water Pipeline Assessment Memorandum Account (CWPAMA).

In A.20-04-010, SCE indicated that it would file a separate application in 2021 seeking cost recovery based on a more refined estimate for environmental remediation activities relating to the decommissioned pipe.⁶ Based on the results of the system-wide assessment, SCE is deferring the cost recovery application until a plan to remediate the below-ground decommissioned pipe is formulated. SCE is currently developing a comprehensive plan to fully identify, characterize, and remediate both in-service pipeline and below-ground decommissioned pipe facilities throughout the Catalina water system. SCE expects it will take several years and numerous regulatory proceedings to fully develop and execute the plan.

⁶ A.20-04-010, p. 10.

III.

DISCUSSION OF THE DECOMMISSIONED PIPE ACTIVITIES

A. Scope Of Activities For Memorandum Account Treatment

The results of the system-wide assessment as discussed in Section II.A show that SCE has approximately eight miles of in-service pipeline and four miles of below-ground decommissioned pipe requiring remediation to comply with TSCA regulations. The disposition of already decommissioned pipe is an expense activity requiring memorandum account treatment to provide SCE with an opportunity to seek recovery of prudently incurred costs in the future. Charging these specific decommissioned pipe activities to expense is appropriate as the asset (pipe) was removed from service a long time ago and the asset is no longer recognized in SCE's utility plant balances. Thus, costs related to decommissioned pipe activities are suitable for memorandum account treatment. These costs are associated with the activities in the CWDPMA Scope.

No memorandum account treatment is requested for the costs of capital planning and project development activities relating to the in-service pipeline characterized as containing PCBs regulated under TSCA. As capital costs associated with the Two Harbors Pipeline, including AFUDC accrual, will be recorded in SCE's CWIP balance, no memo account tracking is required. SCE intends to file a subsequent application for Commission review and approval prior to completion of the Two Harbors Pipeline project.

The disposition of below-ground decommissioned pipe will require substantial planning and project development activities to execute the project in a timely, efficient, and effective manner. SCE is requesting authority to record in a memorandum account the costs associated with activities in the CWDPMA Scope, which are (1) the planning and project development costs required to remediate the below-ground decommissioned pipe containing PCBs regulated under TSCA and (2) the soil remediation costs (including sampling, analysis, permitting and soil removal costs) associated with previously-removed, above-ground decommissioned pipe.

The activities in the CWDPMMA Scope proposed for memorandum account treatment are summarized below:⁷

- Soil Remediation Associated with Previously Removed, Above-Ground Decommissioned Pipe
 - Site Characterization
 - Conduct environmental and cultural surveys;
 - Develop and implement sample plan;
 - Soil sampling and analysis; and
 - Regulatory oversight and engagement.
 - Remediation Planning
 - Develop remediation and restoration plan;
 - Prepare regulatory submittals as required; and
 - Procure remediation contractors.
 - Soil Remediation
 - Soil remediation and disposal;
 - Collect confirmation samples;
 - Site mitigation and/or restoration; and
 - Prepare and submit regulatory closure documentation.
- Below-Ground Decommissioned Pipe
 - Engineering
 - Procure consulting engineering services;
 - Engineering project administration and technical coordination;
 - Pipeline construction technical analysis;
 - Planning and design;

⁷ These pre-construction activities are intended to demonstrate the general type of costs proposed for memorandum account treatment and are not an exhaustive list of activities, the associated costs of which may be tracked and recorded in the proposed memorandum account.

- Development of drawings and technical specifications; and
- Field surveys, including topographical and geotechnical investigations to inform pipe alignment, and utility locating.
- Environmental (Permits)
 - Stakeholder and external agency engagement;
 - Environmental and cultural surveys and assessments;
 - Coastal Development Permit and Significant Ecological Area Conditional Use Permit application preparation and filing; and
 - Other State and Federal environmental review and permitting as required.

B. Timeline Of Scope Activities

The EPA requires SCE to expeditiously take steps to address TSCA-regulated waste. As such, SCE began certain time-sensitive planning and project development activities (i.e., environmental spring surveys) in April 2021 to avoid unnecessary delay in preparing permit applications for filing. SCE will continue to perform activities in the CWDPMA Scope throughout the preparation and filing of future application(s) seeking Commission approval and authority to recover costs associated with the ultimate disposition of below-ground decommissioned pipe and the remediation of contaminated soil associated with previously-removed, above-ground decommissioned pipe.

C. Customer Benefits

The proposed memorandum account treatment of costs associated with activities in the CWDPMA Scope benefits customers by facilitating SCE's timely completion of planning and project development activities required to develop a comprehensive project proposal to remediate the TSCA-regulated below-ground decommissioned pipe facilities in the Catalina water system, as well as timely completion of soil remediation activities associated with

previously-removed, above-ground decommissioned pipe, while reserving the Commission's consideration of cost recovery associated with these activities for one or more subsequent proceedings. Remediation of facilities and soil in accordance with environmental regulations is in the public interest and SCE should be granted the opportunity to record in a memorandum account the costs to perform the activities in the CWDPMMA Scope.

D. Estimated Costs

SCE's conceptual (Class 5) cost estimate for activities in the CWDPMMA Scope, which are (1) the below-ground decommissioned pipe planning and project development activities and (2) the soil remediation activities associated with previously-removed, above-ground decommissioned pipe, is \$1.7 million as provided in Table III-1 below.

***Table III-1
Decommissioned Pipe Pre-Construction Activities Cost Estimate
(\$Nominal, in Millions)***

| Item | Amount |
|--|------------|
| <i>Above-Ground Decommissioned Pipe</i> | |
| Site Characterization and Soil Remediation | 0.4 |
| | |
| <i>Below-Ground Decommissioned Pipe</i> | |
| Engineering and Technical Services | 1.0 |
| Permitting | 0.3 |
| | |
| Total | 1.7 |

E. Justification For Memorandum Account

1. Approval Of A Memorandum Account Is Consistent With Commission Precedent

The conceptual cost estimate for activities in the CWDPMA Scope is more than one-third of SCE's current annual revenue requirement of \$4.13 million for the Catalina Water Utility.⁸ SCE must complete these activities in the CWDPMA Scope so that it can continue to take reasonable steps to comply with environmental regulations to remediate the below-ground decommissioned pipe containing hazardous materials and the contaminated soil associated with previously-removed, above-ground decommissioned pipe. Remediation of these facilities and the contaminated soil in accordance with environmental regulations is in the public interest. Given these benefits, the Commission should authorize SCE to record these costs in the CWDPMA to provide a mechanism for a future cost recovery request. Absent a memorandum account, SCE would be precluded from recovering these costs, which is neither just nor reasonable.

The approval of the CWDPMA is consistent with the Commission's long-standing policy objectives to ensure that affected parties are financially indifferent to the timing of the Commission's final decision. The purpose of the requested CWDPMA is to ensure that SCE does not lose the ability to record costs in the memorandum account until the Commission resolves the future cost recovery request. The Commission has also explained it has a longstanding practice of establishing memorandum accounts to avoid retroactive ratemaking.² Allowing the relief sought in this Application is consistent with that practice.

⁸ D.14-10-048, Appendix A.

² See, e.g., D.03-05-076, p. 6.

2. The Commission Has Granted Similar Relief

Commission precedent supports the approval of a memorandum account to record costs prior to the Commission's review and approval of those costs for cost-recovery by a utility.

As noted above, the Commission earlier this year authorized SCE to establish a memorandum account to track the costs to perform a system-wide assessment of the Catalina water utility infrastructure.¹⁰ The Commission also authorized a memorandum account for San Diego Gas & Electric Company (SDG&E) in Application (A.)17-04-027 before deciding whether to authorize SDG&E to implement its Customer Information System Replacement Program.¹¹ The Commission granted similar relief to SCE in Resolution E-3761, reasoning that the creation of the Risk Management Memorandum Account (RMMA) would not "increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule."¹² Similarly, the Commission permitted SCE to establish a memorandum account in connection with its 2018 GRC despite those GRC proceedings remaining pending, noting that granting the motion to establish a memorandum account "does not bind the Commission to grant SCE's requested revenue requirement, but preserves the Commission's discretion" to provide appropriate relief at a later date.¹³

IV.

REQUEST FOR RELIEF

As already discussed, this Application seeks memorandum account treatment for the CWDPMMA Scope. Costs recorded in the previously-authorized CWPAMA, and costs proposed for recording in the CWDPMMA, if authorized, would be subject to reasonableness review in a

¹⁰ D.21-02-009 (Feb. 11, 2021).

¹¹ A.17-04-027, Administrative Law Judge's Ruling Granting Motion To Establish Customer Service Information Memorandum Accounts, issued May 30, 2017.

¹² Resolution E-3761, p. 3 (Nov. 29, 2001).

¹³ A.16-09-001, Administrative Law Judges' Ruling Granting Southern California Edison Company's Motion to Establish a Memorandum Account (Dec. 15, 2017).

separate proceeding, whether in a subsequent Catalina Water General Rate Case (GRC) or another proceeding designated by the Commission. SCE only seeks to establish a memorandum account to record costs for possible future rate recovery and does not seek recovery of costs or a change in Catalina water rates at this time. SCE's request to establish the memorandum account satisfies the five-prong criteria outlined in Standard Practice U-27-W, as discussed in Section V of the testimony attached hereto.

V.

PROPOSED EFFECTIVE DATE

Public Utilities Code Section 1731(a) provides that “[t]he [C]ommission shall set an effective date when issuing an order or decision. The [C]ommission may set the effective date of an order or decision before the date of issuance of the order or decision.” SCE respectfully requests that if the Commission approves this Application and authorizes SCE to establish the CWDPMMA, it should set the effective date at June 4, 2021, the same date that SCE filed the Application. The Commission's approval of an effective date before the final decision is particularly warranted here as SCE must perform the activities in the CWDPMMA Scope and incur the related costs prior to a final decision in this pending Application, so that SCE can timely proceed with any required environmental remediation activities and comply with regulatory requirements. Commission precedent also supports setting an effective date prior to the date of the final decision in this proceeding, and, more particularly, at the June 4, 2021 filing date of the Application.¹⁴

¹⁴ D.21-02-009, p. 16; D.19-09-026, p. 10; D.18-11-051, p. 8; D.18-06-029, pp. 11-15; D.19-01-019, pp. 6-8, 10.

VI.

STATUTORY AND REGULATORY REQUIREMENTS

A. Statutory and Other Authority – Rule 2.1

Rule 2.1 requires that all applications: (1) clearly and concisely state authority or relief sought; (2) cite the statutory or other authority under which that relief is sought; and (3) be verified by the applicant. Rules 2.1(a), 2.1(b), and 2.1(c) set forth further requirements that are addressed separately below. The relief being sought is summarized above in Section IV and is further described in the testimony, preliminarily identified as follows:

- Exhibit SCE-01, entitled *Testimony Supporting Southern California Edison's Application A.21-06-XXX*

SCE files this application pursuant to Section 701 of the California Public Utilities Code; Rule 2.1 of the Commission's Rules of Practice and Procedure; and prior decisions, orders and resolutions of the Commission and other authorities.

B. Legal Name and Correspondence – Rules 2.1(a) and 2.1(b)

Pursuant to Rules 2.1(a) and 2.1(b),¹⁵ SCE is a public utility organized and existing under the laws of the state of California. The location of SCE's principal place of business is: 2244 Walnut Grove Avenue, Rosemead, California.

Correspondence or communications regarding this Application should be addressed to:

¹⁵ Rule 2.1(a) requires the application to state the exact legal name of the applicant and location of its principal place of business, and, if a corporation, the state under the laws of which the applicant was organized. Rule 2.1(b) requires the application to state the name, title, address, telephone number, facsimile transmission number, and e-mail address of the person to whom correspondence or communications in regard to the application are to be addressed.

| | |
|--|--|
| <p>Claire Torchia Senior Attorney Southern California Edison Company P.O. Box 800 2244 Walnut Grove Avenue Rosemead, California 91770 Telephone: (626) 302-6945 E-mail: Claire.Torchia@sce.com</p> | <p>Case Administration Southern California Edison Company Post Office Box 800 8631 Rush Street Rosemead, California 91770 Telephone: (626) 302-3062 E-mail: Case.Admin@sce.com</p> |
|--|--|

C. Proposed Categorization, Need For Hearings, Issues To Be Considered, Procedural Schedule – Rule 2.1(c)

1. Proposed Categorization

SCE proposes that this Application be categorized as a ratesetting proceeding pursuant to Commission Rules of Practice and Procedure 1.3(g) and 7.1(e)(2).

2. Need for Hearings

SCE believes that evidentiary hearings are not required. The Commission has authorized the establishment of memorandum accounts without requiring evidentiary hearings where, as here, any request for cost recovery will be submitted for Commission review and approval through a subsequent application.

3. Issues to Be Considered

The issue presented in this Application is: Should the Commission authorize SCE to establish the CWDPMA to record costs associated with SCE's (1) below-ground decommissioned pipe planning and project development activities and (2) soil remediation activities associated with previously-removed, above-ground decommissioned pipe to preserve SCE's ability to seek recovery of those costs in a future application?

4. Safety

Pursuant to Rule 2.1(c), this Application must address “relevant safety considerations.” SCE does not view this application as presenting any safety consideration, as it requests only the creation of a memorandum account to record costs relating to SCE’s (1) below-ground decommissioned pipe planning and project development activities and (2) soil remediation activities associated with previously-removed, above-ground decommissioned pipe for the Catalina water utility.

5. Procedural Schedule

As discussed above, the Commission has previously authorized establishment of memorandum accounts on an expedited basis, without conducting any evidentiary hearings, particularly in the context of an application which does not seek cost recovery. SCE therefore proposes the following expedited schedule, including the potential for shortened or waived comment periods for a Proposed Decision, as appropriate.

| <u>Date</u> | <u>Event</u> |
|-----------------------------|---|
| June 4, 2021 | SCE files Application |
| June 11, 2021 ¹⁶ | Notice of Application appears in Daily Calendar |
| July 12, 2021 | Last Day to File Protests |
| July 22, 2021 | Last Day for Reply to Protests (if necessary) |
| July 27, 2021 | Prehearing Conference (if necessary) |
| August 2021 | Proposed Decision |
| September 2021 | Final Decision |

¹⁶ SCE assumes this date for purposes of this proposal, and notes that any change to this date may affect the deadlines proposed herein.

D. Organization and Qualification to Transact Business – Rule 2.2

In compliance with Rule 2.2,¹⁷ copy of SCE's Certificate of Restated Articles of Incorporation, effective on March 2, 2006, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 14, 2006, in connection with Application No. 06-03-020, and is incorporated herein by this reference pursuant to Rule 2.2 of the Commission's Rules of Practice and Procedure.

A copy of SCE's Certificate of Determination of Preferences of the Series D Preference Stock filed with the California Secretary of State on March 7, 2011, and presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2011, in connection with Application No. 11-04-001, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series E Preference Stock filed with the California Secretary of State on January 12, 2012, and a copy of SCE's Certificate of Increase in Authorized Shares of the Series E Preference Stock filed with the California Secretary of State on January 31, 2012, and presently in effect, certified by the California Secretary of State, were filed with the Commission on March 5, 2012, in connection with Application No. 12-03-004, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series F Preference Stock filed with the California Secretary of State on May 14, 2012, and presently in effect, certified by the California Secretary of State, was filed with the Commission on June 29, 2012, in connection with Application No. 12-06-017, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series G Preference Stock filed with the California Secretary of State on January 24, 2013, and presently in effect, certified by the California Secretary of State, was filed with the Commission on January 31,

¹⁷ Rule 2.2 requires the applicant to submit a copy of its organizing documents and evidence of its qualification to transact business in California, or to refer to that documentation if previously filed with the Commission.

2013, in connection with Application No. 13-01-016, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series H Preference Stock filed with the California Secretary of State on February 28, 2014, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 24, 2014, in connection with Application No. 14-03-013, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series J Preference Stock filed with the California Secretary of State on August 19, 2015, and presently in effect, certified by the California Secretary of State was filed with the Commission on October 2, 2015, in connection with Application No. 15-10-001, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series K Preference Stock filed with the California Secretary of State on March 2, 2016, and presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2016, in connection with Application No. 16-04-001, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series L Preference Stock filed with the California Secretary of State on June 20, 2017, and presently in effect, certified by the California Secretary of State, was filed with the Commission on June 30, 2017, in connection with Application No. 17-06-030, and is incorporated herein by this reference.

Copies of SCE's latest Annual Report to Shareholders and its latest proxy statement sent to its stockholders has been filed with the Commission with a letter of transmittal dated March 12, 2021, pursuant to General Order Nos. 65-A and 104-A of the Commission.

E. Service

The official service list has not yet been established in this proceeding. SCE is serving this Application and supporting testimony on the Commission's Office of Ratepayer Advocates, as well as the service lists established by the Commission for A.20-10-018, A.10-11-009, and GO 96-B.

VII.

CONCLUSION

For the reasons stated herein, SCE respectfully requests the Commission approve SCE's requests as outlined in the Application and supporting testimony.

Respectfully submitted,

CLAIRE E. TORCHIA

/s/ Claire E. Torchia

By: Claire E. Torchia

Attorney for

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Rosemead, California 91770

Telephone: (626) 302-6945

E-mail: Claire.Torchia@sce.com

June 4, 2021

RULE 1.11 VERIFICATION

I am an officer of the applicant corporation herein and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 4th day of June, 2021 at Rosemead, California.

/s/ James W. Niemiec

James W. Niemiec

Vice President of Operational Services

SOUTHERN CALIFORNIA EDISON COMPANY

Appendix A

**Preliminary Statement U – Catalina Water Decommissioned Pipe Memorandum Account
(CWDPMA)**

Preliminary Statement

Sheet 1

U. Catalina Water Decommissioned Pipe Memorandum Account (CWDPMA)

1. Purpose

The purpose of the Catalina Water Decommissioned Pipe Memorandum Account (CWDPMA) is record costs associated with planning and project development activities necessary for the remediation of decommissioned pipe facilities characterized during a system-wide assessment of SCE's water distribution infrastructure. Additionally, SCE will record certain costs soil remediation costs associated with previously removed above-ground decommissioned pipe. These facilities were found to contain non-liquid polychlorinated biphenyls (PCBs) in concentrations regulated by the U.S. Environmental Protection Agency (EPA) under the Toxic Substances Control Act (TSCA) and SCE must remediate the decommissioned pipe in compliance with EPA TSCA regulations. Additionally, SCE will record certain costs related to soil remediation of contaminated soil at previously removed above-ground decommissioned pipe locations found to contain PCBs.

2. Applicability

Costs tracked in the CWDPMA will be recovered from customer classes that the Commission designates in its discretion in connection with the proceeding resolving the reasonableness review.

3. Operation of the CWDPMA

The following entries will be recorded monthly (if applicable) to the CWDPMA:

A debit entry equal to the recorded costs associated with performing planning and project development activities relating to below-ground decommissioned pipe and/or soil remediation activities relating to above-ground decommissioned pipe on Catalina, including, but not limited to:

- a. Above-Ground Decommissions Pipe: Site characterization, environmental and cultural surveys, soil sampling and analysis, remediation planning, regulatory oversight and engagement, and soil remediation; and
- b. Below-Ground Decommissioned Pipe: Consulting engineering services, engineering project administration and technical coordination, pipeline construction technical analysis, planning, design and drafting, field surveys, stakeholder and external agency engagement, environmental and cultural surveys and assessments, and environmental permit application preparation.

4. Interest

Interest expense shall accrue monthly in the CWDPMA by applying one-twelfth of the most recent Federal Reserve three-month Commercial Paper Rate – nonfinancial, from the Federal Reserve's Statistical Release H.15 (expressed as an annual rate) to the average monthly balance in the CWDPMA. If a nonfinancial rate is not published by the Federal Reserve in a given month, SCE shall use the Federal Reserve's three-

(Continued)

(To be inserted by utility)

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Decision _____

Issued by

Mike BackstromVice President

(To be inserted by Cal. PUC)

Date Filed _____

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Resolution _____



Southern California Edison
Rosemead, California

Original Cal. PUC Sheet No. 1146-W
Cancelling Cal. PUC Sheet No.

Preliminary Statement

Sheet 1

month Commercial Paper Rate – financial.

5. Disposition

Costs recorded in the CWDPMMA may be recovered in rates only after a request by SCE, a showing of reasonableness, and approval by the Commission. Disposition of the amounts recorded in the CWDPMMA shall be requested in accordance with General Order 96-B, Water Industry Rule 7.3.3(7) and Standard Practice U-27-W; SCE's next General Rate Case application; or other ratesetting request designated by the Commission.

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(To be inserted by utility)

Advice A.21-06-XXX

Decision _____

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Issued by

Mike Backstrom

Vice President

(To be inserted by Cal. PUC)

Date Filed _____

Effective _____

Resolution _____